

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: IES UTILITIES INC. and INTERSTATE POWER COMPANY	DOCKET NO. 199 IAC 20.2(4)"g" (SPU-96-6)
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ORDER REQUIRING ADDITIONAL INFORMATION

(Issued February 8, 2000)

On October 15, 1999, IES Utilities Inc. (IES) and Interstate Power Company (Interstate) filed with the Utilities Board (Board) a letter requesting approval of certain guidelines to Section 6.04 of their System Coordination Operating Agreement (Agreement). Pursuant to the merger docket involving IES, Interstate, and Wisconsin Power and Light (WPL), Docket No. SPU-96-6, an Agreement was filed with the Board which governs, on a single system basis, the coordinated operations and joint planning of electric generation and transmission, including joint dispatch and resource planning. The current filing supplements the Agreement and provides guidelines regarding capacity sales and purchases between IES, Interstate, and WPL and between those utilities and other utilities.

The Board has reviewed the proposed guidelines and believes some additional information is necessary to adequately analyze the proposed guidelines, particularly in light of the recent announcement that IES and Interstate plan to merge utility operations. Also, the Board recognizes IES and Interstate belong to a different

reliability council from WPL. If IES and Interstate in the future move their reliability council membership from MAPP (Mid-Continent Area Power Pool) to MAIN (Mid-American Interconnected Network), such a change would impact the two utilities' reserve requirements. While MAIN's reserve requirements are higher, MAIN does not penalize members failing to meet reserve requirements. MAPP imposes financial penalties if reserve requirements are not met.

The Board has the following questions on Guideline No. 4 dealing with capacity purchases:

1. How will reserve requirements be calculated for WPL, Interstate, and IES?
2. For future planning, do Interstate, IES, and WPL intend to use MAPP or MAIN reserve requirements?
3. Are WPL, IES, and Interstate planning to meet MAPP or MAIN reserve requirements? Will WPL continue to comply with MAIN's requirements and IES and Interstate with MAPP's requirements?

The Board also has questions on Guideline 8. This guideline allows capacity purchases in excess of what is needed to meet load and reserve requirements.

1. How is the "excess" capacity amount determined and which utility, IES, Interstate, or WPL, will be required to pay this amount?
2. Will excess capacity be determined individually for each utility or for the entire system?

3. If capacity purchases are made with the expectation that it can be resold at a profit, which utility will be required to pay for the capacity purchases if it in fact cannot be sold at a profit?

IT IS THEREFORE ORDERED:

IES Utilities Inc. and Interstate Power Company shall provide the information identified in this order on or before 15 days from the date of this order.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Raymond K. Vawter, Jr. /s/ Diane Munns
Executive Secretary

Dated at Des Moines, Iowa, this 8th day of February, 2000.